

COVA LOCAL WEBINAR (2016) SB 364 CHAFIN

VIRGINIA DEPARTMENT OF
HUMAN RESOURCE MANAGEMENT



December 5 and 14, 2017

COVA LOCAL

(2016 SB 364, CHAFIN)

What We'll Cover

- Plan Provisions
- Participation Requirements
- Eligibility
- Underwriting Requirements
- Billing
- ACA Reporting
- Plans
- Out-of-Pocket Expenses
- Premiums
- Interest Level
- Timeline
- Next Step



PLAN PROVISIONS

- **Plan year** runs from **July 1 through June 30** each year
- **Open Enrollment** is scheduled for **May 2018**
- **Same rules** as state plan
 - Dependent eligibility
 - Initial and annual enrollment periods
 - Events which allow election changes outside of Open Enrollment
 - New rules may have a delayed implementation



PARTICIPATION REQUIREMENTS

- **Minimum participation** of **5,000 employees and 10,000 members** needed to establish the plan
 - Fiscal Year 2019 participation limited to employers participating in the entire rollout process
- **Initial commitment** of three consecutive years
 - After FY 2019 employers may **join at any time during the plan year**
 - Employers joining after July 1 will have a **short plan year** for their first year
- **Can only offer COVA Local** to employees
 - Except for Dental and Vision for employees who do not enroll in the COVA Local plan



ELIGIBILITY

- **Employees**
 - local governments
 - schools
 - other political subdivisions eligible to participate in TLC
- **Elected officials** if eligible to participate in the entity's benefit plans
- **Eligible dependents** of those employees



ELIGIBILITY-ACTIVE EMPLOYEES

- Employers may define “**full time**” and “**part time**” employees within certain parameters
 - Employees must **work at least 20 hours per week**
 - Employees working **30 or more hours on average per week** must be defined as full time
 - Employers may choose to **set more expansive hourly requirements for full-time** employees
 - For example, may set a rule that all 20-hour/week employees are full-time
 - Must comply with the ACA



ELIGIBILITY - OPTIONS

- Employers may choose to offer **coverage**
 - **Non-Medicare retirees**
 - **Elected officials**
 - **Survivors**
 - **LTD participants**
- Employers may **NOT offer** coverage
 - Medicare-eligible retirees
 - Medicare-eligible dependents of any retiree



UNDERWRITING REQUIREMENTS

- **Self-funded**, just like the state plan
- **Single rating pool**
- **Individual stop loss** to protect against large individual claims
- **Employer responsible** for claims paid in error
 - Eligibility rules not enforced, or
 - Failure to terminate participant for non-payment
- **Minimum participation** of 70% of eligible employees
- **Minimum employer contributions**
 - **Full-time employees:** 75% of EE Only Basic premium
 - **Part-time employees:** 50% of the full-time contribution



UNDERWRITING REQUIREMENTS

- **Adverse Experience Adjustment (AEA)** if an employer leaves the plan at any time
 - Three-year **lookback period**
 - Assessed if the **claims experience** of the pool **exceeds the premiums**
 - **Pro rata portion** based on enrollment count of the pool deficit
- **Rate cap** during years two and three of the plan based on actuarially-determined **trend for the state employee health plan plus 3%**



BILLING

- **Group billing**
 - Employers pay the total premium to DHRM-designated billing agent



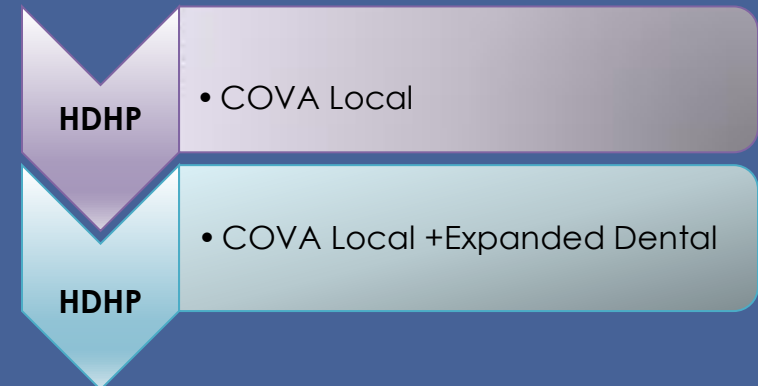
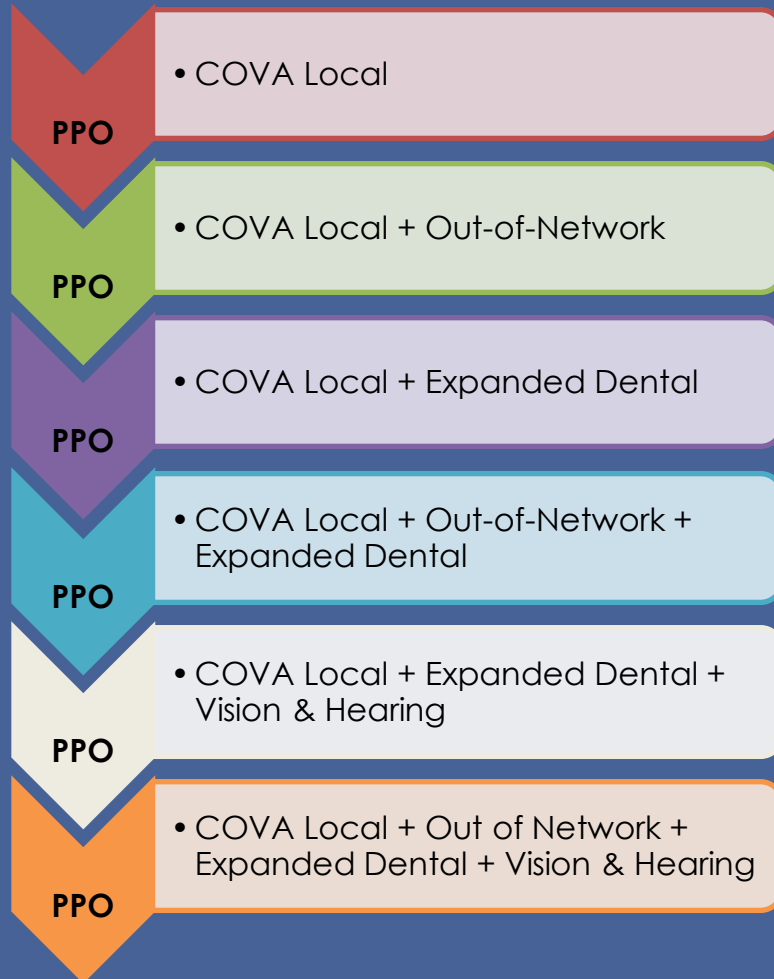
AFFORDABLE CARE ACT (ACA) REPORTING

- DHRM **will offer ACA reporting** for a calendar year provided that the employer:
 - Offers **TLC and/or COVA Local** to its employees the **entire calendar year**
 - Provides **written authorization** for DHRM to do the reporting and certifies enrollment accuracy
 - Submits all necessary information **timely and in the required format**



COVA LOCAL PLANS

- Same plans offered to state employees



OUT-OF-POCKET EXPENSES

- Same **out-of-pocket expenses** as the state employee health plan
- Plan design is constantly reviewed and is subject to change from year to year

State Out-of-Pocket Expenses - FY 2018

Health Plan Overview In Network	COVA Care & COVA Local PPO	COVA HDHP & COVA Local HDHP
Deductible - Individual/Family	\$300/\$600	\$1,750 / \$3,500
Coinsurance	20%	20%
OOP Limit	\$1,500 / \$3,000	\$5,000 / \$10,000
PCP	\$25 copay	20% after deductible
Specialist	\$40 copay	20% after deductible
IP Facility	\$300 copay	20% after deductible
OP Facility	\$125 copay	20% after deductible
Emergency Room	\$150 copay	20% after deductible
Urgent Care	\$25/\$40 copay	20% after deductible
Pharmacy In Network		
Generic	\$15 copay	20% after deductible
Preferred Brand	\$30 copay	20% after deductible
Non-Preferred Brand	\$45 copay	20% after deductible
Specialty	\$55 copay	20% after deductible
Mail Order Rx	2x retail	20% after deductible

PREMIUMS

- Financially viable **new multiple employer plans** typically cost more than established single employer plans
- Single set of annual rates** for all participating entities
- Premium rates** determined by claim experience and demographics of all interested entities

COVA LOCAL (CL) FINAL MONTHLY RATES FY 2019			
CL PLAN OPTIONS	PREMIUM TIERS		
	EE ONLY	EE+1	EE+ FAMILY
COVA Local PPO (CLP) Basic	\$800.00	\$1,480.00	\$2,160.00
CLP Basic + OON*	\$819.00	\$1,515.00	\$2,211.00
CLP Basic + Expanded Dental	\$827.00	\$1,530.00	\$2,233.00
CLP Basic + OON* + Expanded Dental	\$846.00	\$1,565.00	\$2,284.00
CLP Basic + Expanded Dental + Vision & Hearing	\$846.00	\$1,565.00	\$2,284.00
CLP Basic + OON* + Expanded Dental + Vision & Hearing	\$865.00	\$1,600.00	\$2,335.00
COVA Local HDHP (CLH) Basic	\$613.00	\$1,134.00	\$1,655.00
CLH + Expanded Dental	\$640.00	\$1,184.00	\$1,728.00

COVA LOCAL (CL) MINIMUM EMPLOYER CONTRIBUTION RATES FY 2019			
CL PLAN OPTIONS	PREMIUM TIERS		
	EE ONLY	EE+1	EE+ FAMILY
COVA Local PPO (CLP) Basic	\$600	\$600	\$600
CLP Basic + OON*	\$600	\$600	\$600
CLP Basic + Expanded Dental	\$600	\$600	\$600
CLP Basic + OON* + Expanded Dental	\$600	\$600	\$600
CLP Basic + Expanded Dental + Vision & Hearing	\$600	\$600	\$600
CLP Basic + OON* + Expanded Dental + Vision & Hearing	\$600	\$600	\$600
COVA Local HDHP (CLH) Basic	\$460	\$460	\$460
CLH + Expanded Dental	\$460	\$460	\$460

COVA Local INTEREST LEVEL

- Minimum enrollment of 5,000 employees and 10,000 members for plan to be implemented

Local Option Health Insurance Program						
	Date	# of Groups	# Eligible Employees	# Enrolled Employees	# Enrolled Dependents	# Total Enrolled Members
ROUND 1						
• Declared NON-BINDING preliminary Interest	11/9/2016	247	136,353	109,510	108,560	218,070
• Submitted required data	1/31/2017	209	125,290	100,128	99,394	199,522
ROUND 2						
• Declared NON-BINDING preliminary Interest	5/24/2017	101	46,250	37,187	33,960	71,147
• Submitted required data	9/1/2017	89	41,770	33,519	30,255	63,774
ROUND 3						
• Declared BINDING Interest	1/15/2018	TBD	TBD	TBD	TBD	TBD

COVA Local TIMELINE

When	Who	What
Spring 2016	DHRM	Begin outreach to legislators and constituents
Summer 2016	DHRM	Develop program rules
August 2016	All	Conduct information webinars
September 14, 2016	Participants	Indicate preliminary interest to participate
October 14, 2016	Participants	Complete data submissions due to actuaries
January 2017	DHRM	Publish preliminary premium rates
February 2017	Participants	Indicate continuing interest in participating
August 2017	DHRM	Complete procurement if needed
November 2017	DHRM	Publish final premium rates
January 15, 2018	Participants	Make binding election to participate
May 2018	All	Conduct open enrollment
July 1, 2018	All	Go live!

NEXT STEP

- Employers indicate **final binding interest** by January 15, 2018, in order to participate the first year
- Detailed **program requirements** available

<http://www.dhrm.virginia.gov/healthcoverage/localoptionstateplaninformation>

